



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Edelen Releases Audit of Todd County Sheriff's Office

FRANKFORT, Ky. – State Auditor Adam Edelen today released the audit of the 2011 financial statement of Todd County Sheriff Arthur Johnson. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account and the other reporting on the audit of the fee account used to operate the office.

The audit found that the sheriff's financial statement presents fairly the revenues, expenditures, and excess fees of the Todd County sheriff in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

The Sheriff's Office lacks adequate segregation of duties over receipts and reconciliations.

Our review and evaluation of the Sheriff's internal controls disclosed a lack of adequate segregation of duties. The bookkeeper collects receipts for the office in addition to preparing deposits. Good internal controls dictate that the collection of receipts, disbursing of cash, purchasing authority, recording of transactions, and bank reconciling duties be segregated. Documented compensating controls were not in place to offset this control deficiency. We recommend these duties be segregated or compensating controls be implemented.

The Sheriff or another employee who does not have access to bookkeeping records, cash receipts, cash disbursements, bank records or statements should:

- Examine the daily checkout sheet and agree to the deposit ticket, cash receipts ledger and bank statement. Documentation may be evidenced by the reviewer initialing the aforementioned records noted.
- Compare the receipts ledger to the monthly and quarterly reports and document comparisons.
- Monthly bank reconciliations should be reviewed and the review should be documented.
- Perform occasional surprise cash counts.

Any compensating control implemented should be documented.

Sheriff's response: No response.

The Sheriff should issue receipts for all monies received and maintain daily checkout sheets.

During our testing of daily receipts, we noted that the Sheriff did not issue receipts for all monies received and that the Sheriff does not maintain daily check-out sheets. KRS 64.840 (1) requires all county officials to issue a receipt form for “any fine, forfeiture, tax or fee.” KRS 64.100 requires the Sheriff to “keep an accurate account of all fees collected by him from all sources.” In addition, KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The minimum requirements for handling public funds as stated in the Instructional Guide for County Budget Preparation and State Local Finance Officer Policy Manual require that receipt forms and daily cash check-out sheets be utilized.

We recommend that the Sheriff issue a receipt for all monies received and prepare a daily check-out sheet to ensure that all receipts are being accounted for and documented in a proper manner. The copies of all receipts for the business day and any other supporting documentation should be attached to the daily check-out sheet to assist in reconciling daily check-out sheets to the ledgers and bank deposits.

Sheriff's response: No response.

The Sheriff should use the correct rates when paying overtime or awarding compensatory time.

During our test of payroll, we noted that the Sheriff does not keep running leave balances for compensatory time. The Sheriff does not award compensatory time or overtime pay for employees that work over 40 hours a week. Per KRS 337.285, all employees should receive compensation for employment in excess of 40 hours in a work week at a rate of not less than one and one-half times the hourly wage rate at which he is employed.

We noted that the Sheriff does not have a personnel policy for his office and abides by the county's administrative policy. We recommend that the Sheriff follow this policy and award overtime or compensatory time at the rates listed. We also recommend that the Sheriff keep track of employee's compensatory leave time balances.

Sheriff's response: No response.

The Sheriff should advertise for bids for purchases over \$20,000. The Sheriff purchased two vehicles from the Fee account. The total expended by the Sheriff for these vehicles was \$25,000. Bids were not obtained for these vehicles. KRS 424.260 requires the Sheriff to advertise for bids for expenditures exceeding \$20,000. We recommend the Sheriff advertise for bids for all expenditures exceeding \$20,000 as required.

Sheriff's response: No response.

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

The [audit report](#) can be found on the auditor's website.

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The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

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